# Explanation of Initial CY 2008 Obligation
# Public Housing Operating Fund

The Department has obligated initial funding for Operating Fund subsidies for the first two months of Calendar Year (CY) 2008.  Due to unanticipated technical issues, funding is expected to be available in eLOCCS over the weekend January 5, 2008 through January 6, 2008.

The Department will publish project-specific obligation letters the week of January 7, 2008 through January 11, 2008.

## Estimated Proration Levels for CY 2008

The Consolidated Appropriations Act of 2008 (P.L. 110-161) provided $4.194 billion in operating subsidies for CY 2008. The Department estimates total eligibility for CY 2008 to be about $5.0 billion, which would result in proration of 84%.

Please note, however, that proration may be higher/lower than estimated based on actual submissions of PHA subsidy requests. The last PHA subsidy submissions are due by February 13, 2008.  Hence, a revised estimate of proration will be available on/around May 2008.

## Calculation of PHA Subsidy Amounts for Initial Obligation

For the initial obligation of subsidy, each PHA's amount was based on the CY 2007 eligibility adjusted by applying the 2008 non-utility inflation factor to the Project Expense Level and the 2008 utility inflation factor to the Utilities Expense Level.  The total CY 2007 eligibility was then multiplied by 84% proration.  Funding was allocated to projects based on each project's prorata share of the total PHA units.

Please note that a number of factors may influence a project's final CY 2008 subsidy eligibility, including changes in the project's unit inventory.

## Period of Funding

The initial obligation provides funding for two months, based on the above calculations.  At the time that the Department prepared the obligations, the Department was operating under a "continuing resolution." Under that continuing resolution, the Department only had funds sufficient to cover two months of obligations.  A second obligation will be made by March 1, 2008.